



Office of Mayor Miro Weinberger

To: City Council
From: Mayor Miro Weinberger
Date: June 11, 2021
Re: Fiscal Year 2022 Proposed Budget

Herein is the Mayor's proposed budget for Fiscal Year 2022 (FY 22). **Following a historically challenging FY 21 in which we experienced dramatic declines in revenue as a result of the pandemic, I am excited to submit to you an FY 22 budget is a full service budget with strategic new investment and represents an important step toward our City's recovery. This budget restores critical City services, makes important investments in infrastructure, and builds upon our work make our City more equitable and inclusive.**

I would like to recognize the work of our Chief Administrative Officer, Katherine Schad, who has led the budget process, members of the Clerk Treasurer's Office team, City Department Heads and their teams, who worked thoughtfully and creatively to deliver this budget.

Last year, the City faced a dramatic reduction in revenues because of the pandemic, and eliminated virtually all discretionary spending, paused all non-pandemic new initiatives, and spent down our emergency reserves. This year, the infusion of federal resources creates a complex and exciting challenge: budgeting to restore full City operations, make progress on strategic priorities, and carefully steward an unprecedented infusion of one-time resources.

FY 22 Budget Principles

The Administration began the FY 22 budgeting process by laying out principles that would guide our work to develop the budget. Those principles were:

- All City services will be restored to pre-pandemic levels.
- Investment in critical infrastructure should continue at pre-pandemic, enhanced levels to address aging assets and advance Net Zero Energy City goals.
- Emergency reserves should be restored to address FY23 economic uncertainty.
- Tax increases should be minimized as much as possible.
- City will make overdue investments in racial equity and justice, language access, and livable wages.
- Municipal City enterprise funds severely impacted by the pandemic require support.
- The use of significant ARPA funds will be necessary to make good on other budget principles.

The General fund budget is a "full service" budget that restores the general operating expenses that were either cut or leanly budgeted in FY 21. Seasonal positions, City Council Initiative Funds, the Early Learning Initiative, and funding for community festivals are also all restored to pre-pandemic levels.

Process and Public Engagement

For the first time during a budget process, the Administration released a survey to seek public input on the Administration's priorities for the upcoming fiscal year. More than 800 respondents completed the survey, and indicated consistent support for restoring City services and infrastructure investment, concern with spending ARPA funds on new initiatives without long-term funding identified, and a desire to limit any tax rate increases.

This budget includes many initiatives proposed by Councilors during the budget process and meetings that took place over the course of the last six weeks including increased funding for Neighborhood Planning Assemblies, funding for a community bystander training, the Accessibility committee, a new fast charging station at BED, and a Transportation Demand Management Study.

American Rescue Plan Act Funding

The City currently expects to receive approximately \$27 million in federal American Rescue Plan Act (ARPA) relief funds. These funds can be used for both specific eligible expenses – such as public health, economic recovery, and water infrastructure – and to replace revenues the City has and is continuing to lose as a result of the pandemic. The budget the Administration is submitting to the City Council uses approximately \$10 million of ARPA funds, mostly via the replacement of lost revenues, for the purposes summarized in the table below.

ARPA Funding in FY 22 Budget

Operating budget	\$5 million
General Fund Capital Budget	\$3.5 million
Ongoing Public Health Emergency, constituent service and re-opening needs	\$500,000*
Revenue replacement in Traffic and Parking fund	\$1 million

*At its May 10 meeting, the Council approved approximately \$900,000 for these immediate needs, however, we are now optimistic that we will secure reimbursement for at least \$400,000 of those expenses from other emergency relief sources.

Earlier in the budget process, we discussed the possibility of using significantly greater ARPA funds in the FY'22 budget. We have made changes in this final budget that have reduced the ARPA usage:

- A reduction in funding to our utilities to reduce customer arrearages. Prior drafts assumed the City would use \$2.5 million of ARPA funds to address utility arrearages (electric and water), however, we are now expecting to secure this reimbursement for these lost funds from other emergency relief programs. This budget does continue to use \$1 million of ARPA funds to support lost revenue to the Traffic and Parking Fund, which has seen revenue reductions of more than 50% since March 2020. This has resulted in a loss of over \$3 million, causing the depleting of those funds' fund balances and deferral of capital investment. The FY 22 budget proposes \$1 million in ARPA funds to ensure operational solvency and allow for necessary capital investment.
- Reduced capital investment. In earlier drafts of the Capital Budget, we projected using \$6 million of ARPA funding for Capital Expenses, but we have now narrowed that budget only to include infrastructure projects that will start construction in the 2021 season. One of the clearest findings of the budget survey, however, is that the public strongly supports infrastructure investment. As we develop a deeper understanding of the ARPA regulations and projections, and further engage

the public, we will likely want to consider expanding this capital budget again for the last half of FY '22.

The remaining ARPA funding, which must be encumbered by the end of 2024 and expended by 2026, will be budgeted through a separate process that will take place over the coming months and involve significant public engagement and further discussions between the Administration and the Council.

As of the date of this memo, the City has just received the first \$9.4 million of it's direct \$19.3 million allocation in ARPA funds. We expect the balance of that direct allocation in approximately 12 months. Additionally, per Congressman Welch's presentation to the Council on March 22, 2021, the City believes it will receive an additional \$8 million in ARPA funds that were allocated to Chittenden County by the federal legislation. We are awaiting written confirmation of these dollars and a timeline for receiving these additional funds from the federal government.

New Initiatives and Investments in FY 22

The FY 22 operating budget includes several new initiatives, equity investments, and expanded services compared to the pre-pandemic FY 20 budget. This chart summarizes the most significant changes, which include initiatives that Councilors have brought forward in past years and we are able to fund now.

Item	Ongoing Costs that will likely require future local funding	Funded or Potentially Funded Ongoing Costs	Revenue Source
Creation of Public Health Positions		\$240,000	We are pursuing new federal funding that could become a sustained source
Addition of third ambulance - Fire & Medical Svcs Personnel		\$558,411	Public safety tax approved by voters in 2020
Third ambulance - Fire Admin Personnel		\$431,595	Public safety tax approved by voters in 2020
Additional paramedics and equipment testing		\$40,000	Public safety tax approved by voters in 2020
Economic Recovery Team plus Expenses		\$480,441	Possible expansion of DT improvement district
Moving employees from Limited Service to Regular Status		\$30,000	Can shift these costs to grants over time
RRC/Constituent Services Program		\$232,884	Can shift to approximately 50% billed out to non GF over time
10 Community Service Officers		\$825,000	BPD officer attrition
Expanded Mental Health Services		\$400,000	BPD savings
Two Park Rangers		\$167,475	BPD savings
Community Support Liaison		\$105,000	BPD officer attrition
HR Manager		\$105,000	Approximately 50% will be billed out to non GF
IT Help Desk Professional		\$90,000	Approximately 50% will be billed out to non GF
Public Records Specialist		\$90,000	BPD savings
Grants Finance Specialist		\$90,000	Can shift these costs to grants over time
Creation of REIB Department	\$1,017,138		Some of these costs may be eligible for new and emerging federal funding programs
Accessibility Committee	\$15,000		

Additional money for advertising to increase inclusivity	\$25,000		
Trusted Community Voices	\$38,500		
City Hall public bathroom access	\$110,000		
Compensating board and commission members	\$150,000		
Paying every City employee the Livable Wage	\$290,000		
Significant Ongoing Increases over FY20	\$1,645,638	\$3,885,806	

Item		One-Time Costs	
REIB Anti-Racism Training		\$300,307	
BIPOC Mural		\$165,000	
New equipment		\$15,000	
Additional staff to finish reappraisal		\$95,000	
0.6 FTE Senior Planner		\$97,344	
Language Access Plan Assessment		\$90,000	
Significant One-Time Increases over FY20		\$762,651	

The chart above makes clear the challenges and opportunities that we will face in future budget years making these new investments permanent once the current emergency infusion of federal funds is expended.

The large majority of these new commitments are either already funded, or we see a clear path to funding them with limited new demands on the General Fund. We are hopeful that the new investments in public health will receive permanent support from the state and federal government given the large role that local public health capacity played in addressing the pandemic. Moreover, after years of retreat, the federal government's support of local governments may be permanently expanding and could create new opportunities for municipalities to receive assistance when pursuing equity goals.

Ultimately, however, it is likely that the substantial new investments in Livable Wage payments, racial justice, language access, and other equity initiatives will require sustained local investment. Our plan for sustaining these new investments is to seek voter support for a new, dedicated Equity Fund in a future budget year when new, ongoing federal funding opportunities are clearer, and after these new programs have established a track record of accomplishment and impact on the lives of Burlingtonians.

The FY 22 budget makes significant investments in our efforts to become a more racially just community, including:

- Increasing the REIB Department staff will from three to eight employees, adding a Racial Equity Data Analyst, Equal Opportunity Specialist, Anti-Racism Curriculum Manager, and moving two Public Health Manager positions from the Innovation and Technology Department to the REIB Department.

- Support for a citywide Juneteenth event in 2022.
- \$165,000 for a public art sculpture about inclusion and belonging.
- Funding for all City employees to be paid a livable wage, regardless of whether they are eligible per the City ordinance.
- Funding within the Human Resources budget to expand diverse and recruiting initiatives for all Departments.
- \$150,000 of funding to compensate board members and on a per meeting basis.
- Resources to implement the City's newly adopted Language Access Plan.
- Support for the Trusted Community Voices.

Climate Emergency Initiatives

The FY 22 budget makes substantial investments towards the climate emergency and our Net Zero Energy City goal. Those investments include:

- \$2 million in energy efficiency funds and over \$675,000 in Tier 3 electrification funds to support customer incentives and continue the Green Stimulus incentive programs within the Burlington Electric Department budget, including rebates for heat pumps, electric vehicles, and more.
- More than \$700,000 (funded in significant part by a \$560,000 State grant) to purchase a new electric bucket truck, and new charging stations for electric vehicles in Burlington, including a potential DC fast charger.
- Multiple environmental analyses will be underway in the coming year, including a \$250,000 study by the Burlington International Airport to develop a Net Zero roadmap for airport operations, and a division-wide assessment of Water Services, through the Department of Energy, to evaluate energy efficiency opportunities across all plants and associated infrastructure.
- Upgrading HVAC systems in City facilities and evaluating energy efficiency of City buildings.
- The City's newly established \$1 million Green Revolving Loan Fund to make investments in City buildings that will result in energy savings was fully expended in FY 21 on the City Hall attic insulation and mechanical upgrade effort. In the coming months the City will receive a rebate from VGS and the Burlington Electric Department for the City Hall for this renovation and will use those rebates to partially refill the fund to pursue further projects in FY 22.
- Additionally, the Burlington Electric Department budget assumes that the department will soon seek voter approval for a revenue bond that would help fund key Net Zero initiatives and support associated grid and technology upgrades. This proposal would better align some of BED's programs with revenue return from electrification, and mitigate future upward rate pressure.

BED has also reserved funding to support District Energy, which is currently in Phase 3 of feasibility and engineering with the goal of a definitive “go-no go” decision expected early in the fiscal year.

The City team is preparing projects to put forward grant applications should opportunities arise through State Climate Change funds or VGS funds. Qualifying projects may include improving the HVAC systems at 200 Church Street and the Miller Center, weatherizing the windows in City Hall, heating City Hall with geothermal technology, and expanding EV chargers throughout the City.

Improving our infrastructure to make walking and biking safer throughout the City will encourage active transportation and reduce vehicle miles traveled. The FY 22 budget includes:

- \$1.5 million of bike and pedestrian improvements, including protected bike lanes on North Champlain Street, bike and pedestrian improvements on Manhattan Drive, constructing the modern, one-lane Shelburne Street Roundabout, upgrading University Place to add bike lanes and improved crosswalks, intersection safety improvements on at the Colchester Avenue/Pearl Street/North Prospect intersection, and constructing a shared use path on Mansfield Avenue.
- \$2.2 million to rebuild three miles of sidewalks and resources to complete a citywide sidewalk condition assessment to prioritize our work.
- Approximately \$450,000 for funding for traffic calming projects (that also improve active transportation safety) in the Birchcliff, East Avenue, and Mansfield Avenue neighborhoods, as well as \$300,000 to expand traffic calming in other parts of the City added to the budget following Council input in recent weeks.
- \$1.5 million to complete the multi-year, 8-mile long Bike Path rehabilitation with both the construction of a new alignment through Oakledge Park and relocating the path to the west side of the rail tracks in the central waterfront.

Also, the FY 22 capital budget includes one of the most significant local rail investments in recent decades with \$300K being dedicated to contribute to the larger State and Vermont Rail System effort to upgrade infrastructure improvements to bring daily Amtrak service from New York City to Burlington. These funds will pay for soil management, upgraded power to reduce train idling, and realignment of Lavalley Lane to accommodate the new Amtrak railyard siding.

The FY 22 Budget advances our Net Zero Goals through the electrification of the City’s fleet and reducing vehicle miles traveled, including:

- \$75,000 for the Planning Department to complete a Transportation Demand Management study intended to result in recommendations for creating a community-wide TDM system.
- Dedicating \$500,000 to purchasing nine electric vehicles (EVs) for the City’s fleet, including an electric Zamboni, which will equate to 38% of the 24 vehicles planned for replacement in FY 22. Additionally the City will purchase five hybrid vehicles, so EVs and hybrid vehicles will represent 59% of our vehicle purchases in FY 22. This is a positive trend, as the City began purchasing EVs in FY 20 and 6% of vehicles purchased in that year were electric, and 21% of vehicles purchased were EVs in FY 21.

- As part of the City's commitment to electrifying its vehicle fleet, the Administration is focused on significantly increasing the "fast charge" stations available to City employees in FY 22. In addition to the grant funded charger noted above related to the BED purchase of an electric bucket truck, the City will pursue other state and federal programs for fast chargers which are expected to expand dramatically in the coming months.
- Developing a remote work policy, which will limit the number of days employees need to come to their offices and decrease vehicle miles traveled.

The City will also make investments in nature-based solutions to the climate emergency, as recommended by our Open Space Protection plan. Those nature based solutions will work on our soils, plants, trees, and water to capture carbon and help fight climate change. The Conservation Board is work to expand upon existing initiatives for tree plantings and stormwater gardens and develop new nature-based initiatives to engage the community in fighting the climate emergency. We are currently reviewing the best methods for incorporating these nature based solutions formally into our Net Zero plan and goals.

Investments in Parks

For the past decade expanded investments in new and existing parks has been a major City priority, utilizing the Penny For Parks program, impact fees, the Sustainable Infrastructure Bond, TIF funds, philanthropic contributions and a variety of other smaller sources.

This period of expanded investment will continue in FY 22 even though we have adjusted downward the dedicated Penny For Parks tax to keep it revenue neutral this year. Through the use of other capital sources revenue sources, we will be making \$1.5 million of Parks' Bike Path investment and over \$1.7 million of Penny For Parks projects. I am committed to fully increasing the Penny for Parks tax rate to a full penny no later than FY 24 to ensure that this critical source for investments in parks is not eroded by inflation over time.

Property Tax Rates

In recognition of the challenging financial times many Burlington residents continue to face and that citywide reappraisal has increased dramatically the assessments of some taxpayers, this budget attempts to minimize the financial impact of this year's budget on taxpayers by setting several discretionary tax rates below the voter-authorized maximum rate levels. Moreover, if the Council approves the rates in the this budget, the City will have succeeded at keeping cumulative municipal property tax increases well below the general rate of inflation for an entire decade.

Following the citywide reappraisal and adjustment to the tax rates to meet the charter requirement that such reappraisals be revenue neutral, the FY 22 tax rates are set per the table below.

FY 22 Tax Rates

Municipal	0.6700
Local Agreement	0.0003
Education Homestead declaration	1.5520
Education Non-homestead (commercial)	1.7300

The Mayor's Budget keeps tax rates \$.0233 lower than authorized by voters, thereby avoiding a nearly 3.5% tax increase in the municipal rate during this early stage of the economic recovery.

Downtown Improvement District Tax

Finally, the Administration's budget has held FY 22 the Downtown Improvement District Tax at the same 4.5 cent rate that the District was assessed in FY 21. This tax will generate \$190,000 in revenues for the District and fund the projected cost of the two-hour free parking program that the City is operating in the College Street and Lakeview garages.

The Council should be aware that the Church Street Marketplace Commission voted recently to recommended reducing the Downtown Improvement District tax rate by nearly 80%. Such a dramatic and sudden tax reduction at this time would not be consistent with the guidance of the City Charter which *requires* the City to fund a "two-hour free parking" program through the DID tax, and would further weaken the garages which have already been severely negatively impacted by the pandemic (see ARPA section above).

While we are unable to accept this Commission recommendation, the Administration remains committed to supporting downtown businesses through the recovery in every way we responsibly can. Specifically, the Administration remains very open to further, strategic, carefully communicated changes to the Two-hour Free Program in the future to reduce this tax or use its revenues on innovative investments that are currently not authorized by the Charter.

Conclusion

Conclusion I am pleased to submit this budget that represents the dedication, hard work, innovation, and creativity of the City team. I also have appreciated the Council's input and collaboration throughout this process. The FY 22 budget takes meaningful steps toward our community's highest priorities while continuing to carefully steward our taxpayer resources.

Thank you for your consideration.